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FISCAL IMPACT STATEMENT

LS 6121
BILL NUMBER: SB 19

NOTE PREPARED: Nov 17, 2011
BILL AMENDED:

SUBJECT: Real Property Reassessment.

FIRST AUTHOR: Sen. Boots
FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the county assessor of each county before January 1, 2013, to prepare and submit to the Department of Local Government Finance (DLGF) a reassessment plan for the county that first applies for the assessment date in 2014.

The bill specifies that the reassessment plan is subject to approval by the DLGF. It provides that the reassessment plan must divide all parcels of real property in the county into different groups of parcels, and it requires that each group of parcels must contain at least 25% of the parcels within each class of real property in the county.

The bill requires the assessor to mail notice of assessment within 90 days after the assessor completes the appraisal of a parcel or receives a report for a parcel from a professional appraiser or professional appraisal firm.

The bill also establishes procedures for taxpayers to petition the DLGF for reassessment of parcels in a group and a schedule for completion of reassessment of parcels in a group.

Effective Date: July 1, 2012; January 1, 2013.

Explanation of State Expenditures: See *Explanation of Local Revenues.*

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Explanation of Local Expenditures: Under a four-year cyclical reassessment schedule, expenditures for reassessment in a county would be spread from a two-year period within each five-year span to a period of up to four years. The overall reassessment period would be reduced from five years to four years. Over time, property would be physically inspected more often under this bill than under current law. On one hand, the increased frequency could add to the overall cost of performing physical inspections over a long period of time. On the other hand, counties may be able to perform more reassessment work in-house using current resources under the cyclical schedule, thereby reducing costs. The cyclical schedule could also result in lower professional appraisal costs if less overtime work is needed to meet the new deadlines.

Explanation of Local Revenues: *Cyclical Reassessment:* Under current law, real property is fully reassessed every five years. The next general reassessment takes effect with taxes payable in 2013. Annual adjustments to real property values are applied each year in which a general reassessment does not take effect.

Under this bill, counties would submit a reassessment plan to the DLGF by December 31, 2012. The plan must divide the parcels in the county into four groups that contain approximately 25% of the parcels in each property class. Beginning with the March 1, 2014, assessment, each county would reassess one group each year rather than conduct a general reassessment once every five years. However, a county could submit a plan to reassess more than 25% (up to 100%) of the parcels in any one year. Parcels that are not reassessed in a year would still be subject to annual adjustments.

The bill would allow a group of taxpayers to petition the DLGF for the reassessment of a designated assessment group. The petition could be filed up to 45 days after the notice of reassessment and must be signed by the lesser of (1) 100 real property owners in the group or (2) 5% of the real property owners in the group. If a petition is filed, the DLGF could conduct a reassessment or order the local assessor to perform a reassessment.

Assuming that all property is currently assessed in accordance with the assessment and trending rules, general reassessments under current law should result in only modest one-year changes to most assessments. The general reassessment also picks up physical changes in property not previously noted. The change to cyclical reassessments would have the same overall effect. Since annual adjustments would continue for non-reassessed property, there should be no discernable change in overall assessment levels.

State Agencies Affected: Department of Local Government Finance.

Local Agencies Affected: Local assessors.

Information Sources:

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